

# **Exhibit 2**



## **Transcript of George C. Caruso, CPM, RAM, SHCM, HCCP**

**Date:** December 20, 2016

**Case:** de Reyes, et al. -v- Waples Mobile Home Park Limited  
Partnership, et al.

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Conducted on December 20, 2016

<p>1 IN THE UNITED STATES DISTRICT COURT</p> <p>2 FOR THE EASTERN DISTRICT OF VIRGINIA</p> <p>3 ALEXANDRIA DIVISION</p> <p>4 - - - - -x</p> <p>5 ROSY GIRON DE REYES, et al., :</p> <p>6 Plaintiffs, :</p> <p>7 v. :</p> <p>8 WAPLES MOBILE HOME PARK LIMITED :</p> <p>9 PARTNERSHIP, et al., :</p> <p>10 Defendants. :</p> <p>11 - - - - -x</p> <p>12 Civil No.: 1:16cv563-TSE-TCB</p> <p>13</p> <p>14</p> <p>15 Videoconference Deposition of GEORGE C. CARUSO</p> <p>16 McLean, Virginia</p> <p>17 Tuesday, December 20, 2016</p> <p>18 12:37 p.m.</p> <p>19</p> <p>20 Job No.: 131024</p> <p>21 Pages: 1 - 130</p> <p>22 Reported by: Lisa Kirk</p>	<p>3</p> <p>1 A P P E A R A N C E S</p> <p>2 ON BEHALF OF THE PLAINTIFFS:</p> <p>3 JOY ODOM, ESQUIRE</p> <p>4 Quinn Emanuel Urquhart &amp; Sullivan, LLP</p> <p>5 777 6th Street, Northwest</p> <p>6 11th Floor</p> <p>7 Washington, D.C. 20001</p> <p>8 202.538.8159</p> <p>9</p> <p>10 SIMON SANDOVAL-MOSHENBERG, ESQUIRE</p> <p>11 Legal Aid Justice Center</p> <p>12 6066 Leesburg Pike</p> <p>13 Suite 520</p> <p>14 Falls Church, Virginia 22041</p> <p>15 703.778.3450</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>
<p>2</p> <p>1 Deposition of GEORGE C. CARUSO, held at</p> <p>2 the offices of:</p> <p>3 REED SMITH LLP</p> <p>4 7900 Tysons One Place</p> <p>5 Suite 500</p> <p>6 McLean, Virginia 22102</p> <p>7 703.641.4200</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18 Pursuant to Notice, before Lisa Kirk,</p> <p>19 Court Reporter and Notary Public in and for the</p> <p>20 Commonwealth of Virginia.</p> <p>21</p> <p>22</p>	<p>4</p> <p>1 A P P E A R A N C E S C O N T I N U E D</p> <p>2 ON BEHALF OF THE DEFENDANTS:</p> <p>3 JUSTIN D. deBETTENCOURT, ESQUIRE</p> <p>4 Reed Smith, LLP</p> <p>5 7900 Tysons One Place</p> <p>6 Suite 500</p> <p>7 McLean, Virginia 22102</p> <p>8 703.641.4209</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>

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<p>5</p> <p>1 C O N T E N T S</p> <p>2 EXAMINATION OF GEORGE C. CARUSO PAGE</p> <p>3 By Ms. Odom 6, 121</p> <p>4 By Mr. deBettencourt 114</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9 E X H I B I T S</p> <p>10 (Attached to the transcript.)</p> <p>11 CARUSO DEPOSITION EXHIBIT PAGE</p> <p>12 Exhibit 1 Expert Report 6</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>	<p>7</p> <p>1 Q All right, so Mr. Caruso, have you ever</p> <p>2 been deposed before?</p> <p>3 A Yes, ma'am.</p> <p>4 Q How many times?</p> <p>5 A Well, I was asked that question in a</p> <p>6 deposition last year and I think it's five or six.</p> <p>7 If you've been doing this as many years as I have,</p> <p>8 you don't remember everything anymore, but I've been</p> <p>9 deposed multiple times.</p> <p>10 Q All right. Beyond the deposition last</p> <p>11 year, have you had any depositions in the last five</p> <p>12 years?</p> <p>13 A Yes, one prior to that that would be right</p> <p>14 at the five-year time frame.</p> <p>15 Q Okay. What kind of case was that?</p> <p>16 A That was an employment law case.</p> <p>17 Q All righty.</p> <p>18 A I was the corporate representative of my</p> <p>19 then employer before I retired.</p> <p>20 Q All right, so since you've been deposed</p> <p>21 before, you're probably already familiar with the</p> <p>22 rules of the road, so to speak, but I just want to</p>
<p>6</p> <p>1 (Caruso Exhibit 1 was marked for</p> <p>2 identification and is attached to the transcript.)</p> <p>3 P R O C E E D I N G S</p> <p>4 MS. ODOM: All right, so Mr. Caruso, we're</p> <p>5 going to go ahead and go on the record and the court</p> <p>6 reporter is going to swear you in in just a minute.</p> <p>7 Your testimony today is as if you were giving it in a</p> <p>8 courtroom.</p> <p>9 And I just need to ask Mr. deBettencourt if</p> <p>10 he agrees that we can stipulate to Mr. Caruso being</p> <p>11 sworn remotely.</p> <p>12 MR. deBETTENCOURT: Yes.</p> <p>13 MS. ODOM: Okay. So the parties are agreed</p> <p>14 on that and the court reporter will go ahead and give</p> <p>15 you the oath now.</p> <p>16 Whereupon,</p> <p>17 GEORGE C. CARUSO,</p> <p>18 being first duly sworn or affirmed to testify to the</p> <p>19 truth, the whole truth, and nothing but the truth,</p> <p>20 was examined and testified as follows:</p> <p>21 EXAMINATION BY COUNSEL FOR THE PLAINTIFFS</p> <p>22 BY MS. ODOM:</p>	<p>8</p> <p>1 go back over them with you. You and I want to try</p> <p>2 to not talk over each other. With you being remote,</p> <p>3 that might be a little bit difficult with the lag</p> <p>4 time, but we'll do our best because the court</p> <p>5 reporter can only take down one of us at a time.</p> <p>6 I'd ask you to let me finish my question before you</p> <p>7 start to answer and I'll try to let you finish your</p> <p>8 answer and try not to interrupt you. You</p> <p>9 understand, as we discussed a minute ago, that the</p> <p>10 testimony you give today is as if you were giving it</p> <p>11 in court in front of a judge and jury.</p> <p>12 A I do.</p> <p>13 Q So you've got a responsibility to tell the</p> <p>14 truth and the whole truth there. Is there any</p> <p>15 reason that you're aware of why you can't give your</p> <p>16 best and most accurate testimony today?</p> <p>17 A None that I'm aware of.</p> <p>18 Q All right. So I saw in your resumé to your</p> <p>19 report, which we've marked as Exhibit A, and I</p> <p>20 regret you don't have a copy of it, but I understand</p> <p>21 you're familiar with it. And if you need to refer</p> <p>22 back to your report at sometime, just let us know</p>

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<p style="text-align: right;">25</p> <p>1 Q Do you know whether the Waples Mobile Home</p> <p>2 Park received any form of federal or state housing</p> <p>3 finance or subsidy?</p> <p>4 <b>A I'm unaware of their situation.</b></p> <p>5 Q Would that be an important piece of</p> <p>6 information for you to know in order to determine</p> <p>7 whether the policy at issue in this case was</p> <p>8 necessary?</p> <p>9 <b>A No, I don't think so.</b></p> <p>10 Q Why not?</p> <p>11 <b>A When this legislation came into place, it</b></p> <p>12 <b>was clear that the intent of Congress was to ensure</b></p> <p>13 <b>that folks in residency should be in this country</b></p> <p>14 <b>appropriately. In addition, at the same time, and</b></p> <p>15 <b>this is exceedingly important, as you know, laws</b></p> <p>16 <b>were enacted that employers are to ascertain the</b></p> <p>17 <b>legality of all employees. And if you don't know</b></p> <p>18 <b>the status of somebody, you can't underwrite them,</b></p> <p>19 <b>because if you have somebody that doesn't have</b></p> <p>20 <b>status, that means, by definition, they're not</b></p> <p>21 <b>working legally. It's difficult to underwrite it.</b></p> <p>22 Q So we'll get to the employment verification</p>	<p style="text-align: right;">27</p> <p>1 speculation.</p> <p>2 MS. ODOM:</p> <p>3 Q You can go ahead and answer if you</p> <p>4 understand the question. If not, I can restate it.</p> <p>5 <b>A I think you better try and nail it down a</b></p> <p>6 <b>little bit, because the other thing you're doing</b></p> <p>7 <b>here is trying to divorce employment from leasing</b></p> <p>8 <b>activities, and you can't, because you're</b></p> <p>9 <b>underwriting against employment.</b></p> <p>10 Q Well, I think I'd like to take it in two</p> <p>11 pieces, so I understand your opinion that for</p> <p>12 underwriting employment verification is important,</p> <p>13 but I also understand your report to be offering a</p> <p>14 second opinion, which is that in order for a</p> <p>15 landlord to become eligible for federal or state</p> <p>16 housing funding, they must verify that all tenants</p> <p>17 are present in the United States legally. Do I have</p> <p>18 your opinions correct?</p> <p>19 MR. deBETTENCOURT: Objection, form.</p> <p>20 <b>A Yes, you have my views right on that. You</b></p> <p>21 <b>have to -- in order to qualify for subsidy money</b></p> <p>22 <b>from the federal or state agencies, you have to be</b></p>
<p style="text-align: right;">26</p> <p>1 part of your opinions in a second, but I want to</p> <p>2 finish up with you on the federal funding aspect</p> <p>3 first. You said when Congress passed the</p> <p>4 legislation in the early 1990s, it was clear their</p> <p>5 intent was that landlords verify the residency of</p> <p>6 their tenants, the legal status of their tenants.</p> <p>7 <b>A Yes. Yeah.</b></p> <p>8 MR. deBETTENCOURT: Objection, form.</p> <p>9 MS. ODOM:</p> <p>10 Q So my question for you is do you believe</p> <p>11 that's true whether or not a particular landlord</p> <p>12 receives federal or state subsidies for housing?</p> <p>13 MR. DeBETTENCOURT: Objection, form.</p> <p>14 <b>A I'm not sure I understand precisely what</b></p> <p>15 <b>you're trying to get at.</b></p> <p>16 MS. ODOM:</p> <p>17 Q All right. I'll rephrase it. Is it your</p> <p>18 opinion that the Congressional intent for what a</p> <p>19 landlord has to verify about a prospective tenant,</p> <p>20 is that the same whether or not that landlord is</p> <p>21 receiving any type of government funding?</p> <p>22 MR. deBETTENCOURT: Objection, form,</p>	<p style="text-align: right;">28</p> <p>1 <b>in the country legally.</b></p> <p>2 MS. ODOM:</p> <p>3 Q Okay. So my question is if a landlord is</p> <p>4 not applying for any subsidies and is not receiving</p> <p>5 any sort of government funding, do they still have</p> <p>6 to verify the presence of a tenant, that that tenant</p> <p>7 is in the United States legally? If you take</p> <p>8 funding out of it, what does the government got left</p> <p>9 to say to you?</p> <p>10 MR. deBETTENCOURT: Objection, form.</p> <p>11 <b>A The government's still got left to say to</b></p> <p>12 <b>you you still have to underwrite it, so you run</b></p> <p>13 <b>around that issue. And, two, if you're running what</b></p> <p>14 <b>I'll call a mixed company, which means you're</b></p> <p>15 <b>running a management house that does both types of</b></p> <p>16 <b>management, you can't have an inconsistent set of</b></p> <p>17 <b>standards. Fair Housing will get on you about that.</b></p> <p>18 <b>So most of us that run mixed companies, we have one</b></p> <p>19 <b>set of standards whether the property is subsidized</b></p> <p>20 <b>or not. And we adopt the most restrictive standard,</b></p> <p>21 <b>which is the federal standard.</b></p> <p>22 MS. ODOM:</p>

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<p style="text-align: right;">29</p> <p>1 Q Would you agree with me that the</p> <p>2 underwriting of a lease is a more local focus for a</p> <p>3 landlord? That is to say, that's something that the</p> <p>4 landlord is concerned about, the risk of that lease,</p> <p>5 and nobody else but the landlord is concerned about</p> <p>6 that? Would you agree that's a fair statement?</p> <p>7 MR. deBETTENCOURT: Objection, form.</p> <p>8 <b>A I'm trying to understand what you're trying</b></p> <p>9 <b>to get at.</b></p> <p>10 MS. ODOM:</p> <p>11 Q Sure. Is the government concerned about</p> <p>12 the proper underwriting by a landlord of a</p> <p>13 prospective tenant's lease?</p> <p>14 MR. DeBETTENCOURT: Objection, speculation.</p> <p>15 <b>A There will be instances where they would be</b></p> <p>16 <b>concerned, where you've got money borrowed from an</b></p> <p>17 <b>agency that's either insured by or cuts mortgages</b></p> <p>18 <b>on, because they want to make sure that the terms of</b></p> <p>19 <b>the loan are being met, most particularly that the</b></p> <p>20 <b>loan is getting paid. Now, that's a roundabout way</b></p> <p>21 <b>of getting to it, but you have to look at both</b></p> <p>22 <b>elements. You've got the financing element if</b></p>	<p style="text-align: right;">31</p> <p>1 landlord's underwriting of a lease; is that fair?</p> <p>2 MR. DeBETTENCOURT: Objection, form.</p> <p>3 <b>A There's one limited circumstance where they</b></p> <p>4 <b>would be concerned with the underwriting of the</b></p> <p>5 <b>lease. If it -- if someone filed a complaint that</b></p> <p>6 <b>they were being treated disparately from other</b></p> <p>7 <b>applicants, in other words, file a Fair Housing</b></p> <p>8 <b>complaint, the government can come in and take a</b></p> <p>9 <b>look at how you do your underwriting, how you do</b></p> <p>10 <b>your admissions, and whether you're consistent in</b></p> <p>11 <b>the application of the rules. I've had Fair Housing</b></p> <p>12 <b>inquiries look at those. They literally come in,</b></p> <p>13 <b>sit down, and go through the resident files.</b></p> <p>14 MS. ODOM:</p> <p>15 Q But in the absence of such a complaint, the</p> <p>16 landlord's underwriting is the landlord's business;</p> <p>17 is that right?</p> <p>18 MR. deBETTENCOURT: Objection, form.</p> <p>19 <b>A Yeah.</b></p> <p>20 MS. ODOM:</p> <p>21 Q Is Waples Mobile Home Park in the</p> <p>22 low-income housing business?</p>
<p style="text-align: right;">30</p> <p>1 <b>you've got somebody in the equation that's got, you</b></p> <p>2 <b>know, government-related or government-insured</b></p> <p>3 <b>financing, and then you have the operational</b></p> <p>4 <b>element.</b></p> <p>5 MS. ODOM:</p> <p>6 Q Okay. If we have no loan, if there's no</p> <p>7 government loan or agency loan in the picture, is</p> <p>8 the government concerned --</p> <p>9 <b>A Right.</b></p> <p>10 Q -- about the quality of a landlord's</p> <p>11 underwriting of a lease?</p> <p>12 MR. deBETTENCOURT: Same objection.</p> <p>13 <b>A No, but the landlord would be.</b></p> <p>14 MS. ODOM:</p> <p>15 Q And only the landlord, correct?</p> <p>16 <b>A So it would seem.</b></p> <p>17 Q So, really, there is -- there are two</p> <p>18 pieces of your opinion. And I understand that you</p> <p>19 want to take them in whole, but we have the federal</p> <p>20 funding and subsidy part of your opinion, and then</p> <p>21 we have the underwriting portion. And the</p> <p>22 government doesn't concern itself with the</p>	<p style="text-align: right;">32</p> <p>1 <b>A Counsel hasn't shared with me precisely</b></p> <p>2 <b>what the target market is on that, so I'm not in a</b></p> <p>3 <b>position to really opine on that.</b></p> <p>4 Q Would you have wanted to receive that</p> <p>5 information for your opinions?</p> <p>6 MR. deBETTENCOURT: Objection. To the extent</p> <p>7 this question calls for communications from counsel,</p> <p>8 I'm going to instruct you to answer -- instruct you</p> <p>9 not to answer.</p> <p>10 MS. ODOM:</p> <p>11 Q And just to be clear, I'm not asking you</p> <p>12 for anything that counsel at Reed Smith has told</p> <p>13 you. I'm simply asking if you had all the</p> <p>14 information available to you that you would have</p> <p>15 wanted to have in an ideal world?</p> <p>16 MR. deBETTENCOURT: Objection, form.</p> <p>17 <b>A As the folks at Reed Smith --</b></p> <p>18 THE WITNESS: Go ahead.</p> <p>19 <b>A As the folks at Reed Smith have indicated,</b></p> <p>20 <b>the only conversations I've had have been with the</b></p> <p>21 <b>lawyers.</b></p> <p>22 MS. ODOM:</p>

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<p style="text-align: right;">97</p> <p>1 same act. Are you referring to the Personal  2 Responsibility and Work Opportunity Reconciliation  3 Act of 1996?  4 MR. deBETTENCOURT: Objection, form.  5 MS. ODOM:  6 Q It's called PRWORA colloquially.  7 A I'd have to go stick my head -- was the  8 principal sponsor on that Henry Hyde?  9 Q I can look and check.  10 A The reason I say that is we've always  11 called it internally the Hyde bill, but  12 Representative Hyde was chairman of the committee.  13 You know, I've had to deal, over the years, with all  14 these long acronyms that they invent over on the  15 Hill and I've gotten to the point where,  16 unfortunately, I know most things by bill numbers,  17 not by bill titles, because it's just easier. I  18 think, but can't guarantee, we're talking about the  19 same thing.  20 Q And your opinion and testimony is that  21 federal regulations require entities who receive  22 deep assistance to check legal status of tenants?</p>	<p style="text-align: right;">99</p> <p>1 MR. deBETTENCOURT: Objection, foundation.  2 A Yup, I would have to research that  3 specifically. I don't want to guess. I don't do  4 guessing, or at least I don't guess very well.  5 MS. ODOM:  6 Q Do the HUD manuals that you have been  7 describing regulate Waples Mobile Home Park?  8 A Again, not knowing the financial structure  9 underlying it, I don't -- I can't answer that.  10 Q What would you need to know to be able to  11 answer that question?  12 A At the minimum, I'd need to know how the  13 deal is financed, who holds the notes, and what  14 forms of assistance, if any, are granted, and  15 whether or not there's any -- you can get swept into  16 these requirements by having community development  17 block grant money in a property, you can get swept  18 in by having CBE money in the property. You can  19 get -- there's a number of ways you can get swept  20 into compliance on these rules by accepting various  21 funds for various things, including infrastructure  22 work. So without actually sitting and looking at</p>
<p style="text-align: right;">98</p> <p>1 MR. deBETTENCOURT: Objection,  2 mischaracterize.  3 A Among other places, that's a requirement in  4 the HUD Occupancy Handbook, 4350.3. It's also a  5 requirement in the HUD Public Housing Handbook of  6 similar type. I don't remember the PIH.  7 THE WITNESS: That's -- for our recorder,  8 that's Public and Indian Housing. Sorry I was  9 engaging in HUD speak.  10 A PIH also has a manual that relates to a  11 different manual number, but that's a requirement of  12 the 4350.3, which goes upwards and connects with the  13 legislation.  14 MS. ODOM:  15 Q Do you know whether PRWORA that was passed  16 in 1996 regulates Waples Mobile Home Park?  17 MR. deBETTENCOURT: Objection, form.  18 A Without sitting down and reading the bill,  19 I wouldn't be able to answer that.  20 MS. ODOM:  21 Q And same answer as to whether it applies to  22 any of the other A.J. Dwoskin properties?</p>	<p style="text-align: right;">100</p> <p>1 the documents, I would decline to speculate.  2 Q Well, what types of documents would we look  3 at for the Waples Mobile Home Park?  4 MR. deBETTENCOURT: Objection, form.  5 A You'd probably start with the  6 partnershiping (phonetic). Number one, I don't  7 know if it's a partnership or corporation, or an  8 LLC, so you need to figure out what the entity is  9 for starters. And then you start taking a look at  10 what the financing is on it, and you look and see if  11 there's any inbound money from a local agency that  12 takes federal money, from a state agency that takes  13 federal money, or from a federal agency. You'd have  14 to look, generally, at all of those when you start  15 doing it. I know how our deals are structured and  16 where they are. And the reason we came to the  17 decision we did was we wanted a one-size-fits-all,  18 so as to not drive our staff crazy. And what we do,  19 as I said before, is we went to the most  20 restrictive, complying with the federal rules for  21 everything we operate.  22 MS. ODOM:</p>